

तेह्रथुम पावर कम्पनी लिमिटेड  
काठमाडौं  
आठौं वार्षिक साधारण सभा  
वार्षिक प्रगति प्रतिवेदन  
आ. व. २०८१/०८२

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## तेह्रथुम पावर कम्पनी लिमिटेड

बतिसपुतली, काठमाडौं

आठौं वार्षिक साधारण सभा सम्बन्धी सूचना

प्रथम पटक प्रकाशित मिति २०८२/०६/२८

दोस्रो पटक प्रकाशित मिति २०८२/०७/०९

तेह्रथुम पावर कम्पनी लिमिटेडको मिति २०८२/०५/२२ गते बसेको सञ्चालक समितिको ५८औं बैठकले निर्णय गरेबमोजिम यस कम्पनीको आठौं वार्षिक साधारणसभा तपसिलको मिति, समय र स्थानमा देहायका प्रस्तावहरूमा छलफल गरी निर्णय पारित गर्न बस्ने भएको हुँदा सम्पूर्ण शेयरधनी महानुभाव तथा सरोकारवालाहरूको जानकारीका लागि सूचना प्रकाशित गरिएको छ। अतः सम्पूर्ण शेयरधनी तथा सरोकारवाला व्यक्तिहरूलाई साधारणसभामा उपस्थित भइदिन हुन सादर अनुरोध गदछौं।

### साधारणसभा हुने मिति, समय र स्थान:

मिति : २०८२ कार्तिक १७ गते सोमवार।

स्थान : अनुपम फुडल्याड एण्ड व्याङ्केट, बतिसपुतली, काठमाडौं।

समय : दिनको १२:३० बजे।

### छलफलका लागि प्रस्तावित विषयहरू:

- १) आ.व. २०८१/८२ को सञ्चालक समितिको प्रतिवेदन पारित गर्ने सम्बन्धमा।
- २) लेखा परिक्षण प्रतिवेदन सहितको आषाढ ३२, २०८२ को वासलात, नाफा नोक्सान हिसाब तथा नगद प्रवाह विवरण लगायत वित्तीय विवरणहरू छलफल गरि स्वीकृत गर्ने सम्बन्धमा।
- ३) कम्पनी ऐन, २०६३ को दफा १११ अनुसार आ.व. २०८२/८३ का लागि बाह्य लेखापरीक्षकको नियुक्ती गर्ने तथा निजको पारिश्रमिक निर्धारण गर्ने सम्बन्धमा।
- ४) उपरोक्त प्रस्तावहरू स्वीकृती एवम् अभिलेखको लागि पेश गर्दा नियमनकारी निकाय वा कार्यालयबाट कुनै पनि विषयमा संशोधन, परिवर्तन तथा कुनै पनि किसिमको निर्देशन वा कैफियत प्राप्त भएमा सो समेत मिलाई संशोधन वा परिवर्तन गर्ने लगायतका आवश्यक सम्पूर्ण कार्य गर्न सञ्चालक समितिलाई पूर्ण अख्तियारी प्रदान गर्ने बारे।
- ५) विविध

### साधारण सभासम्बन्धी थप जानकारी

१. सभामा भाग लिन आउनुहुने महानुभावहरूले प्रवेश पत्र देखाएर मात्र सभाकक्षमा प्रवेश गर्न पाइनेछ। प्रवेश-पत्र कम्पनीको रजिष्टर्ड कार्यालय, बतिसपुतली, काठमाडौंमा सम्पर्क गरी प्राप्त गर्न सक्नु हुनेछ।
२. साधारण सभामा भाग लिन आफ्नो प्रतिनिधि नियुक्त गर्न चाहने शेयरधनीहरूले प्रचलित कम्पनी कानूनले तोकेको ढाँचामा वा वार्षिक प्रतिवेदन पुस्तिका अनुसारको, सम्पूर्ण शेयरको प्रतिनिधि एउटै व्यक्ति हुने गरी, प्रतिनिधिपत्र (प्रोक्सी) नियुक्त गरी सभा शुरू हुनुभन्दा ४८ घण्टा पहिले अर्थात् मिति २०८२/०७/१५ गते दिनको ४:०० बजे भित्र ईमेल मार्फत वा लिखित रूपमा यस कम्पनीमा दर्ता गराई सक्नु पर्नेछ। यसरी प्रतिनिधि (प्रोक्सी) नियुक्त गरिएका व्यक्ति कम्पनीको बुक क्लोज हुनु अगाडीको शेयरधनी हुनु अनिवार्य छ।
३. आठौं वार्षिक साधारण सभा प्रयोजनका लागि मिति २०८२ कार्तिक १२ गते विहवार शेयरधनी दर्ता किताब बन्द रहनेछ। उक्त मिति भन्दा अघिल्लो दिनसम्म श्री नेपाल स्टक एक्सचेञ्ज लिमिटेडमा कारोवार भई मिति २०८२ कार्तिक ११ गते भित्र यस कम्पनीका शेयर रजिष्ट्रार श्री नविल इन्भेष्टमेन्ट बैंकिङ लिमिटेड नक्साल, काठमाडौंमा दाखिल खारेजका लागि प्राप्त नामसारीबाट कायम रहेका शेयरधनीहरू मात्र साधारण सभामा भाग लिनका लागि योग्य हुनेछन्।
४. एक भन्दा बढी व्यक्तिहरूको संयुक्त नाममा शेयरदर्ता रहेको अवस्थामा सर्वसम्मतबाट प्रतिनिधि चयन गरिएको एक जनाले मात्र वा लगत किताबमा पहिलो नाम उल्लेख भएको व्यक्तिले सभामा भागलिन सक्नु हुनेछ। कुनै संगठित संस्था वा कम्पनीले शेयर खरीद गरेको हकमा त्यस्ता संगठित संस्था वा कम्पनीले मनोनित गरेको प्रतिनिधिले शेयर बालाको हैसियतले सभामा भागलिन सक्नु हुनेछ।
५. कुनै शेयरधनी महानुभावले छलफलका विषयहरू मध्ये विविध शिर्षक अन्तर्गत कम्पनी सम्बन्धी कुनै विषयमा छलफल गर्न गराउन चाहेमा सभा हुनु भन्दा ७ दिन अगावै कम्पनी सचिव मार्फत सञ्चालक समितिको अध्यक्षलाई लिखित रूपमा प्रस्ताव दिनुपर्नेछ। तर त्यस्तो प्रस्ताव साधारण सभामा छलफल वा पारितको रूपमा समावेश गर्ने वा नगर्ने अधिकार सञ्चालक समितिको अध्यक्षमा निहीत हुनेछ।
६. साधारणसभा सम्बन्धी अन्य विस्तृत जानकारीका लागि कम्पनीको केन्द्रीय कार्यालय, हाल बतिसपुतलीमा कार्यालय समयभित्र सम्पर्क राख्नुन अनुरोध गरिन्छ।

सञ्चालक समितिको आज्ञाले  
दिपक बस्नेत  
कम्पनी सचिव

**तेह्रथुम पावर कम्पनी लिमिटेड**  
 बत्तिसपुतली, काठमाडौं ।  
 प्रतिनिधि नियुक्त गर्ने फारम (प्रोक्सी फारम)

श्री सञ्चालक समिति,  
 तेह्रथुम पावर कम्पनी लिमिटेड  
 बत्तिसपुतली, काठमाडौं ।

**विषय: प्रतिनिधि नियुक्त गर्ने सम्बन्धमा ।**

महाशय,

.....जिल्ला.....मनपा/उमनपा/नपा/गा.पा.वार्ड नं.....  
 बस्ने म/हामी.....ले त्यस कम्पनीको शेयरधनीको हैसियतले मिति  
 २०८२ कार्तिक १७ गते सोमबार (तदनुसार ०३ नोभेम्बर २०२५) का दिन हुने आठौं वार्षिक साधारण सभामा  
 स्वयं उपस्थित भई छलफल तथा निर्णयमा सहभागी हुन नसक्ने भएकोले उक्त सभामा भाग लिन तथा मतदान  
 गर्नका लागि मेरो/हाम्रो प्रतिनिधित्व गरि भाग लिन .....जिल्ला .....  
 मनपा/उमनपा/नपा/गा.पा.वार्ड नं.....बस्ने त्यस कम्पनीका शेयरधनी.....शेयर प्रमाण पत्र नं.लाई  
 मेरो/हाम्रो प्रतिनिधी मनोनयन गरि पठाएको छु/छौं ।

**प्रतिनिधि हुनेको**

नाम  
 दस्तखत

शेयर धनी नं.  
 शेयर संख्या  
 मिति

**प्रतिनिधि नियुक्त गर्नेको**

नाम  
 दस्तखत

शेयर धनी नं.  
 शेयर संख्या  
 मिति

द्रष्टव्य : यो निवेदन साधारणसभा हुनु भन्दा कम्तीमा ४८ घण्टा अगावै कम्पनीको प्रधान कार्यालयमा पेश गरिसक्नु पर्ने  
 छ ।

**तेह्रथुम पावर कम्पनी लिमिटेड**  
 बत्तिसपुतली, काठमाडौं ।  
 प्रवेश पत्र

शेयरधनीको नाम  
 प्रमाण पत्र नं.  
 कुल शेयर संख्या  
 शेयरधनीको सहि :  
 कम्पनी सचिव

सभा कक्षमा प्रवेश गर्न यो प्रवेश पत्र अनिवार्य रूपमा लिई आउनुहुन अनुरोध छ ।

तेह्रथुम पावर कम्पनी लिमिटेड, काठमाडौँ  
आठौँ वार्षिक साधारण सभा  
वार्षिक प्रगति प्रतिवेदन  
आ.व. २०८१/०८२

प्रमुख अतिथिज्यू, अतिथिज्यहरू, संचालक मित्रहरू, सल्लाहकारज्यूहरू, शेयरधनी महानुभावहरू, पत्रकारज्यूहरू तथा कर्मचारी साथीहरूमा तेद्वथुम पावर कम्पनीको तर्फबाट हार्दिक स्वागत अभिवादन व्यक्त गर्न चाहन्छु ।

देशको विकास र सम्बृद्धिको आधार कृषि पर्यटन र जलस्रोत नै हो । प्रकृतिको अपार जलसम्पदाको उपयोगले छोटो समय मै देशको अर्थतन्त्रलाई सुदृढ बनाउने निश्चित छ । कोशी प्रदेशमा अवस्थित तेह्रथुम जिल्लाको मध्य भाग भईबहने खोरुङ्गा खोलाको पानीलाई उपयोग गरेर तेह्रथुमेलीहरुको अगुवाईमा २०७६ फाल्गुन १७ गते देखी तेह्रथुम पावर कम्पनीले निरन्तर रुपमा तेह्रथुम जिल्लाको मेन्छ्रयायेम गाउँपालिकाको वार्ड नं. ५ र ६ मा जलविद्युत आयोजनाले विद्युत उत्पादन गरिरहेको छ ।

नेपाल सरकारले आगामी १० वर्ष भित्रमा नेपालको विद्युत उत्पादन क्षमता २८५०० मेगावाट पुर्याउने लिएको लक्ष तथा छिमेकी मुलुक भारत संग दशहजार मेगावाट विद्युत विक्री सम्बन्धि भएको व्यापार सम्झौता, वंगलादेश संग भएको ४० मेगावाट विद्युत विक्री र आन्तरीक विद्युत खपतमा भएको बृद्धिलाई जलविद्युत क्षेत्रको लागी सकारात्मक संकेतको रुपमा लिन सकिन्छ । नेपाल विद्युत प्राधिकरणले हालै मात्र देश भित्र विद्युत प्रसारण संजाल विकाशमा निजी क्षेत्रको सहभागितामा विद्युत प्रसारण संजाल निमार्ण गर्ने सम्झौता एवं विद्युत खरिद बिक्रीका लागी समेत निजी क्षेत्रलाई सहभागी गराउने उद्देश्य लिएको हुनाले विद्युत उत्पादनमा मात्र उर्जा उत्पादकहरु सिमित हुन नपर्ने अवस्था श्रृजना हुनु उर्जा क्षेत्रको लागी सकारात्मक संकेतको रुपमा लिन सकिन्छ । तथापी राजनैतिक अस्थिरताका कारणले छोटो समयमा हुने सरकार परिवर्तनका साथै भईरहने नितीगत परिवर्तन उर्जा क्षेत्रका लागी ठूलो चुनौतीको रुपमा रहेको छ ।

तेह्रथुम पावर कम्पनीको छैठौँ साधारण सभाबाट पारित भएको १:१ (एक अनुपात एक) को हकप्रद शेयर जारी गर्ने प्रकृया केही अवधि ढिला भएतापनि चालु आ.व. २०८२/०८३ को पहिलो त्रैमासमा हकप्रद शेयर जारी गर्ने सम्पूर्ण प्रकृया पुरा भई सम्बन्धित निकायमा हकप्रद शेयर दर्ता समेत भईसकेको व्यहोरा जानकारी गराउन पाउँदा खुसी लागेको छ । हकप्रद शेयरको बिक्री तथा लिलामी प्रकृया समेतबाट संकलित जम्मा रु. ४९,७६,३१,७०४ उन्नपचास करोड छहत्तर लाख एकतीस हजार सातसय चार संकलन भएकोमा रु. ९,७६,३१,७०४ बराबरको शेयर प्रिमियम कोष खडा गरी कम्पनीको घोषित योजना मुताबिक तीन वटै बैंकहरुलाई समानुपातिक रुपमा ऋण भुक्तानी गरिएकोको छ । चालु आ.व. २०८२/०८३ को असोज मसान्तमा कम्पनीले तीनवटा बैंकहरुलाई चक्ता गर्नपर्ने खद दायित्व ४०,६५,०६,००६/५३ चालिस करोड पैसट्टी लाख छ ।

शेयरधनी महानुभावहरु,

यस अघि तेह्रथुम पावर कम्पनी माताहत रहेको खोरुङ्गा ताङ्गमाया खोला जलविद्युत आयोजना २ मेगावाटको नाममा रहेको सर्वेक्षण अनुमतिपत्र सोही कम्पनीको नाममा ५ वर्ष भन्दा बढी समय सर्वेक्षण अनुमति प्रदान गर्न नसकिने विद्युत ऐन २०४९ मा भएको व्यवस्थाका कारण यस कम्पनीको ९५ प्रतिशत र प्रबन्ध संचालक श्री मोहन कुमार डाँगीको ५ प्रतिशत लगानी रहने गरी केटिके

हाईड्रोपावर प्रा.ली नामको कम्पनी दर्ता गरी सोही कम्पनीको नाममा सर्वेक्षण अनुमति पत्र समेत प्राप्त भएको छ । यस अघि नेपाल विद्युत प्राधिकरण र तेह्रथुम पावर कम्पनी विच खोरुङ्गा ताङ्गमाया खोला जलविद्युत आयोजना २ मेगावाट निमार्णका लागी भएको विद्युत व्यापार सम्झौता समेत त्रिपक्षिय सहमतिको आधारमा नामसारी गर्ने गरि प्रकृया समेत थालनी गरिसकिएको व्यहोरा यस सम्मानित सभामा जानकारी गराउन चाहन्छु ।

तेह्रथुम पावर कम्पनीद्वारा संचालनमा रहेको माथिल्लो खोरुङ्गा खोला साना जलविद्युत आयोजनाको निमार्ण सम्पन्न भएको ६७ औं महिना व्यतित भएको छ । यस अवधिमा आयोजनाले उत्पादित विद्युतको बिक्रीबाट प्राप्त रकम बैंकको साँवा तथा व्याज भुक्तानी, कार्यालय तथा कर्मचारी व्यवस्थापन, विमा प्रिमियमको भुक्तानी जस्ता कार्यमा उपयोग गरिरहेको छ । यस आर्थिक वर्ष २०८१/०८२ मा विद्युत बिक्रीको आय रु.१५,४९,४६,०६५ पन्ध्र करोड उन्नपचास लाख छयालिस हजार पसठ्ठी रहेको छ । अघिल्लो आ.व २०८०/०८१ को भन्दा यस आ.व. २०८१/०८२ मा रु. २,६०,१६,१७१ अक्षरूपी दुई करोड साठ्ठी लाख सोह्र हजार एकसय एकहत्तरले आयमा बृद्धि भएको छ ।

यस आ.व. २०८१/०८२ लगायत विगत तीन वर्षका महत्वपूर्ण आर्थिक विवरण निम्न बमोजिम रहेको व्यहोरा जानकारी गराउन चाहन्छु ।

विगत ३ वर्षदेखिका केहि महत्वपूर्ण वित्तिय विवरणको सारांशः

शिरषक	आ.व. २०८१/०८२	आ.व. २०८०/०८१	आ.व. २०७९/०८०
वर्षको खुद नाफा/घाटा	२,२८,४६,०३९	(३,१४,२२,०५२)	(४,७२,६५,९६४)
वर्ष सम्मको खुद घाटा	१५,४२,५९,५९१	१७,६८,८३,४४९	१४,५४,६१,३९७
बैंकव्याज र शुल्क भुक्तानी	७,२४,९३,०३४	१०,११,७१,२६४	१०,९४,७८,०३२
बैंकको ऋण	८८,२१,३७,७१०	९६,६८,३७,७११	९८,८१,३७,७११
विद्युत बिक्रीबाट प्राप्त आय	१५,४९,४६,०६५	१२,८९,२९,८९४	१२,१६,४६,८६८
सरकारी रोयाल्टी भुक्तानी	३८,४८,९२१	२५,७७,९२६	२४,३१,६८२

कम्पनीका भावी योजना तथा चुनौतीहरुः

तेह्रथुम पावर कम्पनीको आगामी आ.व.२०८२/०८३ का लागी प्रस्तावित कार्य योजनाहरु निम्न बमोजिम रहेको व्यहोरा सभामा जानकारी गराउन चाहन्छु ।

- विद्युत आयोजनाको प्रभावकारी संचालनका लागी नियमित रुपमा उपकरणको मर्मत सम्भार,जगेडा सामाग्रीको पूर्वतयारी,इन्टेक,पावर हाउस,पाइपलाइनको मर्मत सम्भार तथा चुहावट नियन्त्रण गर्ने तथा सुरक्षा चुनौतीको रुपमा रहेको खुल्ला डिसेन्डरमा सुरक्षा घेरावेरा लगाउने ।
- तेह्रथुम पावर कम्पनीको सहायक कम्पनीको रुपमा रहेको केटिके हाइड्रोपावर प्रा.ली. र नेपाल विद्युत प्राधिकरण विच विद्युत खरिद बिक्री सम्झौता, विद्युत उत्पादन अनुमतिपत्र,प्रसारण अनुमतिपत्र, वित्तिय व्यवस्थापन जस्ता कार्यहरु पुरा गरी यसै आ.व.२०८२/८३ मा देखि निमार्ण कार्यको थालिनी गर्ने । जसमा खोरुङ्गा ताङ्गमाया खोला जलविद्युत आयोजना निमार्णको लागी अत्यावश्यक नेपाल विद्युत प्राधिकरणको जग्गा प्राप्तिमा भएको जटिलता तथा ढिलाईबाट

कम्पनीलाई थप आर्थिक क्षति हुन नदिन नेपाल विद्युत प्राधिकरणको जग्गा प्रयोग नगरिकन आयोजना निर्माण गर्ने विकल्प प्रयोग गर्ने गरि क्लिन इनर्जी कन्सलटेन्स प्रा.ली. र केटिके हाइड्रोपावर कम्पनी विच सम्झौता गरि खोरुङ्गा ताङ्गमाया खोला जलविद्युत आयोजना २ मेगावाट को सर्वेक्षण कार्य सम्पन्न भएको र प्रारम्भिक वातावरणीय अध्ययन कार्यको लागी इनर्जि रिसोस एण्ड सोलुसन प्रा.ली. संग सम्झौता भई कार्य भएको छ ।

३. हिजोका दिन आर्थिक रुपमा कम्पनीका लागी चुनौतीपूर्ण रहेतापनि आगामी वर्षदेखी विद्युत विक्री मार्फत प्राप्त आम्दानी र बैंक व्याज खर्चमा आउने कमी का कारण कम्पनीको नगद प्रवाह सकारात्मक रहने हुदा' उक्त परिचालन योग्य नगद प्रवाहलाई २ मेगावाट क्षमताको आयोजना निर्माणमा प्रयोग गर्दै जाने साथै कम्पनीमा रहने परिचालन योग्य रकम आगामी वर्षहरूमा उच्च प्रतिफल दिनसक्ने क्षेत्रमा विज्ञहरू समेतको परामर्शमा लगानी गर्दै जाने निती लिईनेछ ।
४. कम्पनीको संस्थागत सुधारका लागी कर्मचारी नियमावली, आर्थिक नियमावली, निर्वाचन नियमावली, करमा आधारित लेखापरिक्षण प्रणालीको तयारी तथा श्रम अडिट जस्ता अत्यावश्यक कार्यहरूको थालनी गर्ने । साथै कम्पनीको आर्थिक अवस्थाका कारण विगत ३ वर्ष देखी कर्मचारीहरूको सेवा सुविधा बृद्धि नभएकोमा कर्मचारीको वृत्ति बिकाश एवं समयानुकुल सेवा सुविधामा वृद्धि गर्ने ।

#### अन्त्यमा,

तेह्रथुम पावर कम्पनीले निर्माण सम्पन्न गरेको माथिल्लो खोरुङ्गा खोला साना जलविद्युत आयोजना (७.५ मे.वा.) र निर्माणको अन्तिम तयारीमा रहेको खोरुङ्गा-ताङ्गमाया खोला जलविद्युत आयोजना (२.०० मे.वा.) निर्माणको लागि लगानी गर्नुहुने शेयरधनी महानुभावहरू, प्रमुख अतिथी, अतिथीज्यूहरू, सम्बन्धित सरोकारवाला सरकारी निकायका प्रतिनिधी ज्यूहरू, पत्रकार मित्रहरू, लेखापरिक्षकज्यू, बैंक तथा वित्तिय संस्थाका प्रतिनिधीज्यूहरू, जिल्लाबासी दाजुभाई तथा दिदीवहिनी र कम्पनीमा संलग्न कर्मचारीहरूमा कम्पनीको तर्फबाट हार्दिक आभार व्यक्त गर्दै सदैव सहयोगको अपेक्षासहित यो प्रतिवेदन अन्त्य गर्ने अनुमति चाहन्छु ।

धन्यवाद ।



भूपतिलाल श्रेष्ठ

अध्यक्ष

मिति : २०८२ कार्तिक १७ गते, सोमबार,  
काठमाडौं ।

# K. Dahal & Associates

## Chartered Accountants

Bhrikuti Marg, Ghattekulo  
Kathmandu, Nepal  
P.O.Box 8975 EPC 5710  
Tel : 4770738, Mobile : 9851045453  
E-mail : kabindradahal@gmail.com

### INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TERHATHUM POWER COMPANY LIMITED

#### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### OPINION

We have audited the accompanying Consolidated Financial Statements of Terhathum Power Company Limited ("the Company"), Kathmandu, Nepal, which comprise the Consolidated Statement of Financial Position as at Ashadh 32, 2082 (July 16, 2025), and Consolidated Statement of Profit or Loss and Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows for the year then ended, and Notes to the Consolidated Financial Statements, including a Summary of Significant Accounting Policies.

In our opinion, the accompanying Consolidated Financial Statements read with the significant accounting policies present fairly, in all material respects of the financial position of the company as at Ashadh 32, 2082 (July 16, 2025) and of its financial performance and its cash flows for the year then ended in accordance with Nepal Financial Reporting Standards (NFRS).

#### BASIS FOR OPINION

We have conducted our audit in accordance with Nepal Standards on Auditing (NSAs) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ICAN's Handbook of Code of Ethics for Professional Accountants together with ethical requirements that are relevant to our audit of the Financial Statements in Nepal, and we have fulfilled our Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For the matters below, our description of how our audit addressed the matter is provided in that context. We have determined the following matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How our audit addressed the matter
The company has re-applied for the generation license with Department of Electricity Development in the name of its subsidiary company, KTK Hydropower Pvt. Ltd and obtained the license. Accordingly, the expenses incurred by the company has transferred to the subsidiary company. The company has not entered into Power Purchase Agreement (PPA) with Nepal Electricity Authority (NEA) till date. The Company has not provided for impairment loss of Intangible Assets Under Development.	Management believes that the company will enter into Power Purchase Agreement (PPA) with Nepal Electricity Authority (NEA) and the project will complete the project, hence the Intangible Assets Under Development has not been impaired.



#### INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises Report of the Board of Directors and Management Discussion and Analysis, Report on Corporate Governance and Business Responsibility Report but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the standalone & consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report on this regard.

#### RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the Consolidated Financial Statements in accordance with Nepal Financial Reporting Standards, and for such internal control as management determine is necessary to enable the preparation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Group's financial reporting process.

#### AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Nepal Standards on Auditing (NSAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with NSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the information of the Group activities to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit finding, including any significant deficiencies in internal control that we identified during our audit.

We also provide those charged with governance with a statement that we have compiled with relevant ethical requirements regarding independence, and to communicate with them all relationship and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguard.

#### REPORT ON THE OTHER LEGAL AND REGULATORY REQUIREMENTS

We have determined to communicate the following matters in accordance with the requirements of the Companies Act, 2063 and other legal requirements:

- a. We have obtained satisfactory information and explanations asked for, which to the best of our knowledge and belief, were necessary for the purpose of our audit.
- b. In our opinion, proper books of accounts as required by the law relating to the consolidated financial statements have been kept so far as appears from the examination of those books.
- c. The consolidated financial statements including the Consolidated Statement of Financial Position, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows including a Summary of Significant Accounting Policies and other explanatory notes have been prepared in all material respect in accordance with the provisions of the Companies Act, 2063, and they are in agreement with the books of accounts of the Company ; and the accounts and records of the Company are properly maintained in accordance with the prevailing laws.
- d. During our examination of the books of account of the Company, we have not come across the cases where the Board of Directors or any member of there or any representative or any office holder or any employee has acted contrary to the provisions of law or cause loss or damage to the Company.
- e. We have not come across any fraudulent activities in the books of account.

  


Kabindra Dahal, FCA  
 Proprietor  
 K. Dahal & Associates  
 Chartered Accountants  
 COP: 400

UDIN: 251026CA00436QHshc

Kathmandu, Nepal  
 Date: 6<sup>th</sup> October 2025 (2082/06/20)

**TERHATHUM POWER COMPANY LIMITED**  
**Kathmandu, Nepal**  
**Statement of Financial Position**  
**As at 32 Ashadh 2082 (16 April 2025)**

Particulars	Notes	Group		Terhathum Power	
		As at 32, 2082	As at 31, 2081	As at 32, 2082	As at Asadh 31, 2081
ASSETS					
NON CURRENT ASSETS					
Property, plant & equipment (Net block)	3	2,294,923	2,656,357	2,294,923	2,656,357
Intangible Assets	3.1	1,084,767,302	1,128,835,138	1,084,767,302	1,128,835,138
Investment	3.2	-	-	4,750,000	-
Work In Progress (Under Construction)	3.3	30,650,569	-	-	-
CURRENT ASSETS					
Financial assets					
Cash & cash equivalents	4	13,002,976	759,826	11,013,976	759,826
Trade receivables	5	28,568,496	23,715,966	28,568,496	23,715,966
Other financial assets	6	405,112	526,812	405,112	526,812
Other current assets	7	24,441,982	55,704,054	52,092,551	55,704,055
TOTAL ASSETS		1,184,131,362	1,212,198,154	1,183,892,362	1,212,198,154
EQUITY & LIABILITIES					
EQUITY					
Equity share capital	8	400,000,000	400,000,000	400,000,000	400,000,000
Other equity					
Reserve & surplus	8.1	(154,259,591)	(176,883,449)	(154,110,479)	(176,883,449)
Non Controlling Interest		242,152	-	-	-
NON CURRENT LIABILITIES					
Long Term Borrowings	9	882,865,356	925,152,207	882,865,356	925,152,207
CURRENT LIABILITIES					
Financial liabilities					
Trade payables and Other					
Payable	10	8,362,243	17,101,838	8,221,008	17,101,838
Short Term Borrowings	9	42,286,851	42,921,408	42,286,851	42,921,409
Provision	11	690,090	-	690,090	-
Other current liabilities	12	3,944,261	3,906,149	3,939,536	3,906,149
TOTAL EQUITY & LIABILITIES		1,184,131,362	1,212,198,154	1,183,892,362	1,212,198,154

Summary of significant accounting policies

2

The accompanying notes are an integral part of these financial statements

As per our report of even date

.....  
Prem Kumar Khatri  
Admin./Finance Manager

.....  
Nabina Dhungana  
Director

.....  
Bimal Kumar Dhungana  
Director

.....  
Shriman Karki  
Director

.....  
Kabindra Dahal, FCA  
Proprietor  
K. Dahal & Associates  
Chartered Accountants

.....  
Yadav Bahadur Khapung  
Director

.....  
Lachhuman Tiwari  
Director

.....  
Mohan Kumar Dangi  
Managing Director

.....  
Bhupati Lal Shrestha  
Chairman

Date: 20 Aswin 2082  
Place: Kathmandu, Nepal

**TERHATHUM POWER COMPANY LIMITED**  
**Kathmandu, Nepal**  
**Statement of Profit or Loss and other Comprehensive Income**  
**For the Year ending 32 Ashadh, 2082 (July 16, 2025)**

Particulars	Notes	Group		Terhathum Power	
		FY 2081/082	FY 2080/081	FY 2081/082	FY 2080/081
<b>INCOME</b>					
Revenue	13	154,946,065	128,929,894	154,946,065	128,929,894
Cost of revenue	14	54,608,936	54,918,262	54,608,936	54,918,262
<b>Revenue from operations (Net)</b>		<b>100,337,130</b>	<b>74,011,633</b>	<b>100,337,130</b>	<b>74,011,633</b>
Other income	17	340,000	-	340,000	-
<b>Expenses</b>					
Employee benefit expenses	15	834,000	657,750	834,000	657,750
Depreciation	3	682,114	620,325	682,114	620,325
Administrative Expenses	16	3,361,882	2,984,346	3,204,922	2,984,346
Finance Costs	18	72,493,034	101,171,264	72,493,034	101,171,264
Provisions	11	460,060	-	460,060	-
Loss on sale of Assets		-	-	-	-
<b>Profit/loss before tax</b>		<b>22,846,039</b>	<b>(31,422,052)</b>	<b>23,002,999</b>	<b>(31,422,052)</b>
Less: Tax				-	-
Current tax				-	-
Deferred tax				-	-
<b>Net profit/(loss) for the year</b>		<b>22,846,039</b>	<b>(31,422,052)</b>	<b>23,002,999</b>	<b>(31,422,052)</b>
Loss per share					
Basic Annualized		5.71	(7.86)	5.75	(7.86)
Diluted Annualized		5.71	(7.86)	5.75	(7.86)
<b>Other comprehensive income</b>					
Changes in revaluation surplus				-	-
<b>Other comprehensive income for the year</b>					-
<b>Total Profit / (Loss) &amp; Other Comprehensive Income</b>		<b>22,846,039</b>	<b>(31,422,052)</b>	<b>23,002,999</b>	<b>(31,422,052)</b>

Summary of significant accounting policies

2

The accompanying notes are an integral part of these financial statements

As per our report of even date

.....  
Prem Kumar Khatri  
Admin./Finance Manager

.....  
Nabina Dhungana  
Director

.....  
Bimal Kumar Dhungana  
Director

.....  
Shriman Karki  
Director

.....  
Kabindra Dahal, FCA  
Proprietor  
K. Dahal & Associates  
Chartered Accountants

.....  
Yadav Bahadur Khapung  
Director

.....  
Lachhman Tiwari  
Director

.....  
Mohan Kumar Dangl  
Managing Director

.....  
Bhupati Lal Shrestha  
Chairman

Date: 20 Aswin 2082  
Place: Kathmandu, Neapl

**TERHATHUM POWER COMPANY LIMITED**  
Kathmandu, Nepal  
**Statement of Changes in Equity**  
For the Year ending 32 Ashadh, 2082 (July 16, 2025)  
Terhathum Power

NPR

Particulars	Equity Share Capital	Advance Against Share Capital	Reserve & surplus	Total
<b>Balance as at 32 Ashad, 2079 (16 July, 2022)</b>	<b>400,000,000</b>	<b>-</b>	<b>(98,195,433)</b>	<b>301,804,567</b>
Profit/ (loss) for the year	-	-	(47,265,964)	(47,265,964)
Other Comprehensive income/ (Expenses) for the year	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(47,265,964)</b>	<b>(47,265,964)</b>
Issue of Share Capital	-	-	-	-
Calls in Advance	-	-	-	-
Transaction cost incurred in respect of issuance of equity share	-	-	-	-
<b>Balance as at 31 Ashad, 2080 (16 July, 2023)</b>	<b>400,000,000</b>	<b>-</b>	<b>(145,461,397)</b>	<b>254,538,603</b>
Profit/ (loss) for the year	-	-	(31,422,052)	(31,422,052)
Other Comprehensive income/ (Expenses) for the year	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(31,422,052)</b>	<b>(31,422,052)</b>
Issue of Share Capital	-	-	-	-
Calls in Advance	-	-	-	-
Transaction cost incurred in respect of issuance of equity share	-	-	-	-
<b>Balance as at 31 Ashad, 2081 (15 July, 2024)</b>	<b>400,000,000</b>	<b>-</b>	<b>(176,883,449)</b>	<b>223,116,551</b>
Profit/ (loss) for the year	-	-	22,772,969	22,772,969
Other Comprehensive income/ (Expenses) for the year	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>22,772,969</b>	<b>22,772,969</b>
Issue of Share Capital	-	-	-	-
Calls in Advance	-	-	-	-
Transaction cost incurred in respect of issuance of equity share	-	-	-	-
<b>Balance as at 32 Ashadh, 2082 (16 July, 2025)</b>	<b>400,000,000</b>	<b>-</b>	<b>(154,110,479)</b>	<b>245,889,521</b>

The accompanying notes are an integral part of these financial statements

As per our report of even date

.....  
Prem Kumar Khatri  
Admin./Finance Manager

.....  
Nabina Dhungana  
Director

.....  
Bimal Kumar Dhungana  
Director

.....  
Shriman Karki  
Director

.....  
Kabindra Dahal, FCA  
Proprietor  
K. Dahal & Associates  
Chartered Accountants

.....  
Yadav Bahadur Khapung  
Director

.....  
Lachhuman Tiwari  
Director

.....  
Mohan Kumar Dangi  
Director

.....  
Bhupati Lal Shrestha

Date: 20 Aswin 2082  
Place: Kathmandu, Nepal

-

**TERHATHUM POWER COMPANY LIMITED**  
Kathmandu, Nepal  
Statement of Changes in Equity  
For the Year ending 32 Ashadh, 2082 (July 16, 2025)  
Group

NPR

Particulars	Equity Share Capital	Advance Against Share Capital	Reserve & surplus	Non Controlling Interest	Total
<b>Balance as at 32 Ashad, 2079 (16 July, 2022)</b>	<b>400,000,000</b>	<b>-</b>	<b>(98,195,433)</b>		<b>301,804,567</b>
Profit/ (loss) for the year	-	-	(47,265,964)		(47,265,964)
Other Comprehensive income/ (Expenses) for the year	-	-	-		-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(47,265,964)</b>	<b>-</b>	<b>(47,265,964)</b>
Issue of Share Capital	-	-	-		-
Calls in Advance	-	-	-		-
Transaction cost incurred in respect of issuance of equity share	-	-	-		-
<b>Balance as at 31 Ashad, 2080 (16 July, 2023)</b>	<b>400,000,000</b>	<b>-</b>	<b>(145,461,397)</b>		<b>254,538,603</b>
Profit/ (loss) for the year	-	-	(31,422,052)		(31,422,052)
Other Comprehensive income/ (Expenses) for the year	-	-	-		-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(31,422,052)</b>		<b>(31,422,052)</b>
Issue of Share Capital	-	-	-		-
Calls in Advance	-	-	-		-
Transaction cost incurred in respect of issuance of equity share	-	-	-		-
<b>Balance as at 31 Ashad, 2081 (15 July, 2024)</b>	<b>400,000,000</b>	<b>-</b>	<b>(176,883,449)</b>		<b>223,116,551</b>
Profit/ (loss) for the year	-	-	22,623,857	(7,848)	22,616,009
Other Comprehensive income/ (Expenses) for the year	-	-	-		-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>22,623,857</b>	<b>(7,848)</b>	<b>22,616,009</b>
Issue of Share Capital	-	-	-	250,000	250,000
Calls in Advance	-	-	-		-
Transaction cost incurred in respect of issuance of equity share	-	-	-		-
<b>Balance as at 32 Ashadh, 2082 (16 July, 2025)</b>	<b>400,000,000</b>	<b>-</b>	<b>(154,259,591)</b>	<b>(7,848)</b>	<b>245,982,561</b>

The accompanying notes are an integral part of these financial statements

As per our report of even date

.....  
Prem Kumar Khatri  
Admin./Finance Manager

.....  
Nabina Dhungana  
Director

.....  
Bimal Kumar Dhungana  
Director

.....  
Shriman Karki  
Director

.....  
Kabindra Dahal, FCA  
Proprietor  
K. Dahal & Associates  
Chartered Accountants

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Yadav Bahadur Khapung  
Director

.....  
Lachhuman Tiwari  
Director

.....  
Mohan Kumar Dangi  
Director

.....  
Bhupati Lal Shrestha

Date: 20 Aswin 2082  
Place: Kathmandu, Neapl

-

**TERHATHUM POWER COMPANY LIMITED**  
Kathmandu, Nepal  
Statement of Cash Flow  
For the Year ending 32 Ashadh, 2082 (July 16, 2025)

Particulars	Group		Terhathum Power	
	FY 2081/082	FY 2080/081	FY 2081/082	FY 2080/081
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net profit for the year	22,846,039	(31,422,052)	23,002,999	(31,422,052)
<b>Adjustments</b>				
Depreciation on Property, Plant & Equipment	675,334	613,545	675,334	613,545
Amortization of Intangible Assets	44,067,836	44,067,836	44,067,836	44,067,836
Finance Cost	72,493,034	101,171,264	72,493,034	101,171,264
Profit/(Loss) on Sale of Vehicle	-	-	-	-
<b>Working capital adjustments:</b>				
(Increase)/Decrease in other financial assets	121,700	(7,322)	121,700	(7,322)
(Increase)/Decrease in other current assets	31,262,072	(2,248,030)	3,611,504	(2,248,030)
Increase/(Decrease) in trade receivable	(4,852,531)	(1,589,128)	(4,852,531)	(1,589,128)
Increase/(Decrease) in trade payables	(8,739,595)	5,394,612	(8,880,830)	5,394,612
Increase/(Decrease) in short Term Borrowings	(634,557)	20,921,409	(634,558)	20,921,409
Increase/(Decrease) in other current liabilities	498,172	(1,068,783)	493,447	(1,068,783)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>157,737,505</b>	<b>135,833,351</b>	<b>130,097,936</b>	<b>135,833,351</b>
<b>CASH FLOW FROM /(USED IN) INVESTING ACTIVITIES</b>				
Acquisition of Property, Plant & Equipment	(313,900)	(2,147,772)	(313,900)	(2,147,772)
(Increase)/Decrease in Investment	-	-	(4,750,000)	-
Sales of Property, Plant & Equipment	-	-	-	-
(Increase) /Decrease in Intangible assets	-	-	-	-
(Increase) /Decrease in Capital Work in Progress	(30,650,569)	-	-	-
<b>Adjustment for:</b>				
Depreciation on Property, Plant & Equipment	-	-	-	-
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>(30,964,469)</b>	<b>(2,147,772)</b>	<b>(5,063,900)</b>	<b>(2,147,772)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Increase/(Decrease) in share capital	-	-	-	-
Increase/(Decrease) in share capital (Non Controlling Interest)	250000	-	-	-
Increase/(Decrease) in share calls in advance	-	-	-	-
Long Term Borrowing (repaid)/ taken (net)	(42,286,851)	(40,985,503)	(42,286,851.30)	(40,985,503)
Interest Paid	(72,493,034)	(101,171,264)	(72,493,034.30)	(101,171,264)
Transaction cost incurred in respect of issuance of equity share	-	-	-	-
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>(114,529,886)</b>	<b>(142,156,767)</b>	<b>(114,779,886)</b>	<b>(142,156,767)</b>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>12,243,151</b>	<b>(8,471,188)</b>	<b>10,254,151</b>	<b>(8,471,188)</b>
<b>Cash and Cash Equivalents at Beginning of the Year</b>	<b>759,826</b>	<b>9,231,014</b>	<b>759,826</b>	<b>9,231,014</b>
<b>Cash and Cash Equivalents, end of period</b>	<b>13,002,977</b>	<b>759,826</b>	<b>11,013,977</b>	<b>759,826</b>

The accompanying notes are an integral part of these financial statements  
For and on behalf of Board

As per our report of even date

.....	.....	.....	.....	.....
Prem Kumar Khatri Admin./Finance Manager	Nabina Dhungana Director	Bimal Kumar Dhungana Director	Shriman Karki Director	Kabindra Dahal, FCA Proprietor K. Dahal & Associates Chartered Accountants
.....	.....	.....	.....	.....
Yadav Bahadur Khapung Director	Lachhuman Tiwari Director	Mohan Kumar Dangi Director	Bhupati Lal Shrestha	

Date: 20 Aswin 2082  
Place: Kathmandu, Nepal

-

**TERHATHUM POWER COMPANY LIMITED**  
Kathmandu, Nepal  
Notes to Financial Statements  
As at 32 Ashadh 2082 (16 April 2025)

**Note 3.2: INVESTMENT**

	Group			
	As at Ashadh 32, 2082	As at Asadh 31, 2081	As at Ashadh 32, 2082	As at Asadh 31, 2081
Investment in KTK Hydropower	-	-	4,750,000	
<b>Total</b>	-	-	<b>4,750,000</b>	-

**Note 3.3: WORK IN PROGRESS (UNDER CONSTRUCTION)**

Particulars	Group		Terhathum Power	
	As at Ashadh 32, 2082	As at Asadh 31, 2081	As at Ashadh 32, 2082	As at Asadh 31, 2081
Khorunga Tangmaya project 2 MW	30,650,569	-	-	-
<b>Total</b>	<b>30,650,569</b>	-	-	-

**Note 4: CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include deposits account balances maintained with banks and financial institutions. These enable the Company to meet its short term liquidity requirements.

The carrying amount of cash and cash equivalents approximates their fair value. They are readily convertible to known amount of cash and are subject to insignificant risk of change in value. These balances have been used as Cash and Cash Equivalents for the presentation of Statement of Cash Flows as well. Banks and financial institution in Nepal are closely regulated by the Central Bank. The Company closely assesses the risks of these instruments and there are no apparent indication of impairment of these balances.

Particulars	Group			
	As at Ashadh 32, 2082	As at Asadh 31, 2081	As at Ashadh 32, 2082	As at Asadh 31, 2081
Cash				-
Balance with Banks in Current Account	13,002,976	759,826	11,013,976	759,826
<b>Total</b>	<b>13,002,976</b>	<b>759,826</b>	<b>11,013,976</b>	<b>759,826</b>

For the purpose of the statement of cash flows, cash and cash equivalents comprises the following:

Particulars	Group			
	As at Ashadh 32, 2082	As at Asadh 31, 2081	As at Ashadh 32, 2082	As at Asadh 31, 2081
Cash	-	-	-	-
Balance with Banks in Current Account in Bank Overdraft	13,002,976	759,826	11,013,976	759,826
<b>Total</b>	<b>13,002,976</b>	<b>759,826</b>	<b>11,013,976</b>	<b>759,826</b>

**Note 5: TRADE RECEIVABLE**

Particular	Group			
	As at Ashadh 32, 2082	As at Asadh 31, 2081	As at Ashadh 32, 2082	As at Asadh 31, 2081
Nepal Electricity Authority	28,568,496	23,715,966	28,568,496	23,715,966
<b>Total</b>	<b>28,568,496</b>	<b>23,715,966</b>	<b>28,568,496</b>	<b>23,715,966</b>

**Note 6: OTHER FINANCIAL ASSETS**

Particulars	Group		Terhathum Power	
	As at Ashadh 32, 2082	As at Asadh 31, 2081	As at Ashadh 32, 2082	As at Asadh 31, 2081
<b>Non Current</b>				
Deposit	199,412	199,412	199,412	199,412
<b>Sub Total</b>	<b>199,412</b>	<b>199,412</b>	<b>199,412</b>	<b>199,412</b>
<b>Current</b>				
NRB Margin	185,000	185,000	185,000	185,000
Performance Guarantee Margin	15,000	15,000	15,000	15,000
BG Cash Margin	5,700	7,400	5,700	7,400
Cash Margin_PPA Khorunga Tangmaya	-	120,000	-	
<b>Sub Total</b>	<b>205,700</b>	<b>327,400</b>	<b>205,700</b>	<b>327,400</b>
<b>Total</b>	<b>405,112</b>	<b>526,812</b>	<b>405,112</b>	<b>526,812</b>

**TERHATHUM POWER COMPANY LIMITED**  
Kathmandu, Nepal  
Notes to Financial Statements  
As at 32 Ashadh 2082 (16 April 2025)

**Note 7: OTHER CURRENT ASSETS**

Particulars	Group		Terhathum Power	
	As at	As at	As at	As at
	Ashadh 32, 2082	Asadh 31, 2081	Ashadh 32, 2082	Asadh 31, 2081
Other receivables	10	-	10	-
KTK Hydropower Pvt. Ltd.	-	30,454,975	27,650,569	30,454,975
Spare Parts	488,178	-	488,178	-
Preoperating_KTP	-	1,000,000	-	1,000,000
Right Share Issue Related Deff Expenses	1,057,187	-	1,057,187	-
<b>Advances to be recovered</b>				
Advance to Employees	-	1,273,416	-	1,273,416
Advance for EM	160,000	160,000	160,000	160,000
Advance for Land	21,180,176	21,180,176	21,180,176	21,180,176
Advance Tax	5,270	5,270	5,270	5,270
<b>Prepayments</b>				
Prepaid_Insurance-Vehicle	-	3,727	-	3,727
Prepaid Insurance-Project	1,403,777	1,361,360	1,403,777	1,361,360
Prepaid Electricity	21	-	21	-
ICRA Nepal	-	1,561	-	1,561
Nabil Investment	51,500	150,000	51,500	150,000
Prepaid Internet HOF	-	9,949	-	9,949
Prepaid Annual RTS Fee	16,986	17,260	16,986	17,260
Agency Fee	55,626	60,912	55,626	60,912
Internet at Site	6,951	8,592	6,951	8,592
Website Hosting & Management	16,300	16,857	16,300	16,857
<b>Total</b>	<b>24,441,982</b>	<b>55,704,054</b>	<b>52,092,551</b>	<b>55,704,054</b>

**Note 8: EQUITY SHARE CAPITAL**

Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The company's equity shares are classified as equity instruments.

Particulars	Group		Terhathum Power	
	As at	As at	As at	As at
	Ashadh 32, 2082	Asadh 31, 2081	Ashadh 32, 2082	Asadh 31, 2081
<b>Authorised</b>				
40,00,000 nos. of ordinary shares of NPR. 100 each	-	400,000,000	-	400,000,000
1,00,00,000 nos. of ordinary shares of NPR. 100 each	1,000,000,000	-	1,000,000,000	-
<b>Issued</b>				
40,00,000 nos. of ordinary shares of NPR. 100 each	-	400,000,000	-	400,000,000
80,00,000 nos. of ordinary shares of NPR. 100 each	800,000,000	-	800,000,000	-
<b>Subscribed and paid up</b>				
40,00,000 nos. of ordinary shares of NPR. 100 each	400,000,000	400,000,000	400,000,000	400,000,000
<b>Total</b>	<b>400,000,000</b>	<b>400,000,000</b>	<b>400,000,000</b>	<b>400,000,000</b>

**Other Equity****8.1 Reserve & Surplus**

Particulars	Group	Total	Terhathum Power	Total
<b>Balance as at 1 Shrawan, 2080 (17 July 2023)</b>	(145,461,397)	(145,461,397)	(145,461,397)	(145,461,397)
Profit for the year	(31,422,052)	(31,422,052)	(31,422,052)	(31,422,052)
Other Comprehensive Income (net of tax)	-	-	-	-
Transaction cost incurred in respect of issuance of equity share	-	-	-	-
<b>Balance as at 32 Ashad, 2081 (15 July, 2024)</b>	<b>(176,883,449)</b>	<b>(176,883,449)</b>	<b>(176,883,449)</b>	<b>(176,883,449)</b>
Profit for the year	22,853,887	23,002,999	23,002,999	23,002,999
Other Comprehensive Income (net of tax)	-	-	-	-
LESS: CSR Fund Allocation	(230,030)	-	(230,030)	-
Transaction cost incurred in respect of issuance of equity share	-	-	-	-
<b>Closing Balance</b>	<b>(154,259,591)</b>	<b>(153,880,449)</b>	<b>(154,110,479)</b>	<b>(153,880,449)</b>

**Note 8.2: Non Controlling Interest**

Particulars	Group		Terhathum Power	
	As at	As at	As at	As at
	Ashadh 32, 2082	Asadh 31, 2081	Ashadh 32, 2082	Asadh 31, 2081
Share Capital (5% of Share Capital of Subsidiary Company)	250,000	-	-	-
Reserve & Surplus (5% Loss of Subsidiary Company)	(7,848)	-	-	-
<b>Total</b>	<b>242,152</b>	<b>-</b>	<b>-</b>	<b>-</b>

**TERHATHUM POWER COMPANY LIMITED**  
Kathmandu, Nepal  
Notes to Financial Statements  
As at 32 Ashadh 2082 (16 April 2025)

**Note 9: BORROWINGS**

Particulars	Group		Terhathum Power	
	As at	As at	As at	As at
	Ashadh 32, 2082	Asadh 31, 2081	Ashadh 32, 2082	Asadh 31, 2081
<b>Long Term Borrowings</b>				
Non Current Portion of Lease liability	727,646	1,014,496	727,646	1,014,496
Non Current Portion of term loan	882,137,710	924,137,711	882,137,710	924,137,711
<b>Sub-total</b>	<b>882,865,356</b>	<b>925,152,207</b>	<b>882,865,356</b>	<b>925,152,207</b>
<b>Short Term Borrowings</b>				
Lease liability	286,851	221,409	286,851	221,409
Current Portion of Term loan	42,000,001	42,699,999	42,000,001	42,699,999
Bank Overdraft	-	-	-	-
<b>Sub-total</b>	<b>42,286,851</b>	<b>42,921,408</b>	<b>42,286,851</b>	<b>42,921,408</b>
<b>Total</b>	<b>925,152,207</b>	<b>968,073,616</b>	<b>925,152,207</b>	<b>968,073,616</b>

**Note 10: TRADE PAYABLES**

Particulars	Group		Terhathum Power	
	As at	As at	As at	As at
	Ashadh 32, 2082	Asadh 31, 2081	Ashadh 32, 2082	Asadh 31, 2081
Sundry Creditors	3,972,110	4,097,511	3,972,110	4,097,511
Audit Fee Payable	278,750	-	223,000	-
Staff Payable	56,000	45,540	56,000	45,540
Government Royalty Payable	750,000	750,000	750,000	750,000
Meeting Allowance Payable	26,775	22,950	26,775	22,950
Interest Payable	-	5,167,756	-	5,167,756
Other Payable	3,278,608	7,018,081	3,193,123	7,018,081
<b>Total</b>	<b>8,362,243</b>	<b>17,101,838</b>	<b>8,221,008</b>	<b>17,101,838</b>

**Note 11: PROVISION**

When the Company has a present obligation (legal or constructive) as a result of a past event, provisions are recognised only if it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made.

Particulars	Group		Terhathum Power	
	As at	As at	As at	As at
	Ashadh 32, 2082	Asadh 31, 2081	Ashadh 32, 2082	Asadh 31, 2081
Provision for Bonus	460,060	-	460,060	-
Provision for CSR	230,030	-	230,030	-
<b>Total</b>	<b>690,090</b>	<b>-</b>	<b>690,090</b>	<b>-</b>

**Note 12: OTHER CURRENT LIABILITIES**

Particulars	Group		Terhathum Power	
	As at	As at	As at	As at
	Ashadh 32, 2082	Asadh 31, 2081	Ashadh 32, 2082	Asadh 31, 2081
TDS Payable	44,514	10,152	40,539	10,152
TDS Payable on Audit Fee	3,750	-	3,000	-
Loan from director	3,895,997	3,895,997	3,895,997	3,895,997
<b>Total</b>	<b>3,944,261</b>	<b>3,906,149</b>	<b>3,939,536</b>	<b>3,906,149</b>

**TERHATHUM POWER COMPANY LIMITED**  
Kathmandu, Nepal  
Notes to Financial Statements  
For the Year ending 32 Ashadh, 2082 (July 16, 2025)

<b>Note 13: Revenue</b>		
<b>Particulars</b>	<b>Group</b>	
	<b>FY 2081/082</b>	<b>FY 2080/081</b>
Sale of Electricity	154,946,065	128,929,894
<b>Total</b>	<b>154,946,065</b>	<b>128,929,894</b>

<b>Note 14: Cost of Revenue</b>		
<b>Particulars</b>	<b>Group</b>	
	<b>FY 2081/082</b>	<b>FY 2080/081</b>
Amortization on Service Concession Arrangement	44,061,056	44,061,056
Communication & Internet_Site	24,241	23,397
Water and Electricity Expenses at Powerhouse	93,123	103,486
Printing Stationery_Site	4,515	10,736
General Office Expenses_Site	283,225	334,230
Employee Benefit Cost (Site employees)	2,741,035	2,364,600
Repair & Maintenance (Civil Structure)	204,873	91,997
Repair & Maintenance - (Site Plant & Machinery)	762,111	366,074
Repair & Maintenance - (Site Vehicle )	39,217	37,110
Insurance premium	1,943,547	3,757,728
Fuel & Lubricants at Site	581,944	418,771
Royalty Expenses	3,870,050	3,349,076
<b>Total</b>	<b>54,608,936</b>	<b>54,918,262</b>

<b>Note 15: Employee Benefit Expenses</b>		
<b>Particulars</b>	<b>Group</b>	
	<b>FY 2081/082</b>	<b>FY 2080/081</b>
Basic Salary and Allowances	3,575,035	3,022,350
<b>Appportioned to:</b>		
- Cost of Revenue	2,741,035	2,364,600
- Indirect Cost	834,000	657,750
<b>Total</b>	<b>3,575,035</b>	<b>3,022,350</b>

<b>Terhathum Power</b>	
<b>FY 2081/082</b>	<b>FY 2080/081</b>
154,946,065	128,929,894
<b>154,946,065</b>	<b>128,929,894</b>

<b>Terhathum Power</b>	
<b>FY 2081/082</b>	<b>FY 2080/081</b>
44,061,056	44,061,056
24,241	23,397
93,123	103,486
4,515	10,736
283,225	334,230
2,741,035	2,364,600
204,873	91,997
762,111	366,074
39,217	37,110
1,943,547	3,757,728
581,944	418,771
3,870,050	3,349,076
<b>54,608,936</b>	<b>54,918,262</b>

<b>Terhathum Power</b>	
<b>FY 2081/082</b>	<b>FY 2080/081</b>
3,575,035	3,022,350
2,741,035	2,364,600
834,000	657,750
<b>3,575,035</b>	<b>3,022,350</b>

**TERHATHUM POWER COMPANY LIMITED**  
Kathmandu, Nepal  
Notes to Financial Statements  
For the Year ending 32 Ashadh, 2082 (July 16, 2025)

**Note 16: Administrative Expenses**

Particulars	Group		Terhathum Power	
	FY 2081/082	FY 2080/081	FY 2081/082	FY 2080/081
Advertisement and Promotion Expenses	179,053	92,569	179,053	92,569
Accounting and Financial Consultancy	118,650	113,000	113,000	113,000
Allowance to Board Members	801,500	266,000	801,500	266,000
Annual General Assembly	152,696	184,579	152,696	184,579
Attestation Charges	-	1,925	-	1,925
Audit Fee	282,500	226,000	226,000	226,000
Bank commission & Other charges	40,474	-	40,474	-
Communication	87,099	179,450	87,099	179,450
Festival Expenses	28,902	28,790	28,902	28,790
Fuel at Office	42,100	118,187	42,100	118,187
General office expenses	7,900	17,255	7,900	17,255
Meeting and Workshop	35,383	3,341	35,383	3,341
Membership and Affiliation Fees	47,000	42,000	35,000	42,000
Monitoring and Supervision	60,080	6,586	60,080	6,586
Office Tiffin Expenses	117,244	126,631	117,244	126,631
Registration and Renewals	278,500	121,500	241,500	121,500
Vehicle Renewal & Service Charges	87,357	62,450	87,357	62,450
Repair and Maintenance	10,175	69,564	10,175	69,564
Right Share Issue Expenses	-	510,000	-	510,000
Ris Expenses	100,274	100,000	100,274	100,000
Social Activities and support	-	111,493	-	111,493
Annual Share listing fee	50,000	50,000	50,000	50,000
Software and website expenses	17,507	16,857	17,507	16,857
Stationary Expenses	45,176	37,290	25,926	37,290
Surveillance fee	371,408	347,805	371,408	347,805
Travelling Expenses	195,269	129,378	195,269	129,378
Water and electricity	25,564	21,696	25,564	21,696
Legal Service Fee	172,160	-	145,600	-
Annual Maintenance Charge	7,910	-	7,910	-
<b>Total</b>	<b>3,361,882</b>	<b>2,984,346</b>	<b>3,204,922</b>	<b>2,984,346</b>

**TERHATHUM POWER COMPANY LIMITED**  
**Kathmandu, Nepal**  
**Notes to Financial Statements**  
**For the Year ending 32 Ashadh, 2082 (July 16, 2025)**

**Note 17: Other Income**

Particulars	Group	
	FY 2081/082	FY 2080/081
Insurance claim		-
Profit on sale of vehicle		-
Other Income	340,000	-
<b>Total</b>	<b>340,000</b>	<b>-</b>

**Note 18: Finance Cost**

Particulars	Group	
	FY 2081/082	FY 2080/081
Interest on OD loan	67,200	763,441
Interest on Term Loan	70,831,701	98,773,947
Interest on lease liability	138,591	120,302
Bank commission & Other charges	-	31,046
Agency fee	1,455,543	1,482,527
<b>Total</b>	<b>72,493,034</b>	<b>101,171,264</b>

Terhathum Power	
FY 2081/082	FY 2080/081
-	-
-	-
340,000	-
<b>340,000</b>	<b>-</b>

Terhathum Power	
FY 2081/082	FY 2080/081
67,200	763,441
70,831,701	98,773,947
138,591	120,302
-	31,046
1,455,543	1,482,527
<b>72,493,034</b>	<b>101,171,264</b>

**TERHATHUM POWER COMPANY LIMITED**  
Kathmandu, Nepal  
Notes to Financial Statements  
As at 32 Ashadh 2082 (16 April 2025)  
Terhathum Power

Note 3.1: INTANGIBLE ASSETS		NPR		
Particulars	Computer Software	Service concession arrangement	Total	
<b>Gross Carrying Amount</b>				
Gross Carrying Amount as at 01 Shrawan, 2079	61,760	1,320,372,907	1,320,434,667	
Additions - Externally Acquired	-	-	-	
Transfer from IAUD	-	-	-	
Withdrawals and Adjustments	-	-	-	
Gross Carrying Amount as on 32 Ashadh, 2080	61,760	1,320,372,907	1,320,434,667	
Additions	33,900	-	33,900	
Transfer from IAUD	-	-	-	
Withdrawals and Adjustments	-	-	-	
Closing Gross Carrying Amount as on 31 Ashadh, 2081	95,660	1,320,372,907	1,320,468,567	
<b>Accumulated Amortization/Depreciation</b>				
Accumulated Amortization as at 01 Shrawan, 2079	51,576	103,442,778	103,494,354	
Charge for the year	10,184	44,061,055	44,071,239	
Withdrawals and Adjustments	-	-	-	
Accumulated Amortization as on 32 Ashadh, 2080	61,760	147,503,833	147,565,593	
Charge for the year	6,780	44,061,056	44,067,836	
Withdrawals and Adjustments	-	-	-	
Accumulated Amortization as on 31 Ashadh, 2081	68,540	191,564,889	191,633,429	
Net Carrying Amount as on Ashad 32, 2080 (17 July, 2023)	-	1,172,869,074	1,172,869,074	
Net Carrying Amount as on Ashad 31, 2081 (15 July, 2024)	27,120	1,128,808,018	1,128,835,138	
Current Year Depreciation	6,780	44,061,056	44,067,836	
Net Carrying Amount as on Chaitra 31, 2081 (13 April, 2025)	20,340	1,084,746,962	1,084,767,302	
<b>Apportioned to:</b>				
Cost of Revenue	44,061,056			
Indirect Cost	6,780			
<b>Total</b>	<b>44,067,836</b>			

Amortization on Service Concession arrangement has been charged by estimating useful up to 06 Falgun 2106 BS (License Period).

**Kathmandu, Nepal**  
**Notes to Financial Statements**  
**As at 32 Ashadh 2082 (16 April 2025)**  
**Group**

**Note 3.1: INTANGIBLE ASSETS****NPR**

Particulars	Computer Software	Service concession arrangement	Total
<b>Year ended 31 Ashadh, 2072 (15 July, 2016)</b>			
<b>Gross Carrying Amount</b>			
Opening Gross Carrying Amount as on 01 Shrawan, 2074	1,028,488	302,166	1,330,654
Additions	146,297	-	146,297
Withdrawals and Adjustments	-	-	-
<b>Gross Carrying Amount as on 31 Ashadh, 2073 (As per AR)</b>	<b>1,174,785</b>	<b>302,166</b>	<b>1,476,951</b>
<b>Accumulated Depreciation</b>			
Opening Accumulated Depreciation	321,402	83,739	405,141
Depreciation charge for the year	176,772	54,607	231,379
Withdrawals and Adjustments	-	-	-
<b>Closing Accumulated Depreciation (As per AR)</b>	<b>498,174</b>	<b>138,346</b>	<b>636,520</b>
<b>Net Carrying Amount as on Ashad 31, 2073 (As per AR)</b>	<b>676,611</b>	<b>163,820</b>	<b>840,431</b>
<b>Gross Carrying Amount</b>			
<b>Gross Carrying Amount as at 01 Shrawan, 2079</b>	<b>61,760</b>	<b>1,320,372,907</b>	<b>1,320,434,667</b>
Additions - Externally Acquired	-	-	-
Transfer from IAUD	-	-	-
Withdrawals and Adjustments	-	-	-
<b>Gross Carrying Amount as on 32 Ashadh, 2080</b>	<b>61,760</b>	<b>1,320,372,907</b>	<b>1,320,434,667</b>
Additions	33,900	-	33,900
Transfer from IAUD	-	-	-
Withdrawals and Adjustments	-	-	-
<b>Closing Gross Carrying Amount as on 31 Ashadh, 2081</b>	<b>95,660</b>	<b>1,320,372,907</b>	<b>1,320,468,567</b>
<b>Accumulated Amortization/ Depreciation</b>			
<b>Accumulated Amortization as at 01 Shrawan, 2079</b>	<b>51,576</b>	<b>103,442,778</b>	<b>103,494,354</b>
Charge for the year	10,184	44,061,055	44,071,239
Withdrawals and Adjustments	-	-	-
<b>Accumulated Amortization as on 32 Ashadh, 2080</b>	<b>61,760</b>	<b>147,503,833</b>	<b>147,565,593</b>
Charge for the year	6,780	44,061,056	44,067,836
Withdrawals and Adjustments	-	-	-
<b>Accumulated Amortization as on 31 Ashadh, 2081</b>	<b>68,540</b>	<b>191,564,889</b>	<b>191,633,429</b>
<b>Net Carrying Amount as on Ashad 32, 2080 (17 July, 2023)</b>	<b>-</b>	<b>1,172,869,074</b>	<b>1,172,869,074</b>
<b>Net Carrying Amount as on Ashad 31, 2081 (15 July, 2024)</b>	<b>27,120</b>	<b>1,128,808,018</b>	<b>1,128,835,138</b>
<b>Current Year Depreciation</b>	<b>6,780</b>	<b>44,061,056</b>	<b>44,067,836</b>
<b>Net Carrying Amount as on Chaitra 31, 2081 (13 April, 2025)</b>	<b>20,340</b>	<b>1,084,746,962</b>	<b>1,084,767,302</b>
<b>Apportioned to:</b>			
<b>Cost of Revenue</b>	<b>44,061,056</b>		
<b>Indirect Cost</b>	<b>6,780</b>		
<b>Total</b>	<b>44,067,836</b>		

Amortization on Service Concession arrangement has been charged by estimating useful up to 06 Falgun 2106 BS (License Period).

**TERHATHUM POWER COMPANY LIMITED**  
**Kathmandu, Nepal**  
**Notes to Financial Statements**  
**As at 32 Ashadh 2082 (16 April 2025)**  
**Terhathum Power**

**Note 3: PROPERTY, PLANT AND EQUIPMENT****NPR**

Particulars	Furniture, Fixture and Office Equipment	Vehicle	RTU	Plant & Machinery	Total
<i>Depreciation Rate</i>	25%	20% SLM		15%	
<b>Gross Carrying Amount</b>					
<b>Gross Carrying Amount as at 31 Ashadh, 2079</b>	<b>3,692,390</b>	<b>3,705,073</b>	<b>-</b>	<b>-</b>	<b>7,397,463</b>
Additions	-	-	-	-	-
Withdrawals and Adjustments	(2,936,241)	-	-	-	(2,936,241)
<b>Gross Carrying Amount as at 32 Ashadh, 2080</b>	<b>756,149</b>	<b>3,705,073</b>	<b>-</b>	<b>-</b>	<b>4,461,222</b>
Additions	672,167.90	-	1,475,604	-	2,147,772
Withdrawals and Adjustments	-	-	-	-	-
<b>Gross Carrying Amount as at 31 Ashadh, 2081</b>	<b>1,428,317</b>	<b>3,705,073</b>	<b>1,475,604</b>	<b>-</b>	<b>6,608,994</b>
Additions	-	313,900	-	-	313,900
Withdrawals and Adjustments	-	-	-	-	-
<b>Gross Carrying Amount as at 32 Ashadh, 2082</b>	<b>1,428,317</b>	<b>4,018,973</b>	<b>1,475,604</b>	<b>-</b>	<b>6,608,994</b>
<b>Accumulated Depreciation &amp; Impairment</b>					
<b>Balance at 01 Shrawan, 2079</b>	<b>2,542,213</b>	<b>2,585,065</b>	<b>-</b>	<b>-</b>	<b>5,127,278</b>
Depreciation charge for the year	287,544	224002.62	-	-	511,547
Withdrawals and Adjustments	(2,299,733)	-	-	-	(2,299,733)
<b>Accumulated Depreciation as 32 Ashadh, 2080</b>	<b>530,024</b>	<b>2,809,068</b>	<b>-</b>	<b>-</b>	<b>5,638,825</b>
Depreciation charge for the period	139,223	179,201.08	295,121	-	613,545
Withdrawals and Adjustments	-	-	-	-	-
<b>Accumulated Depreciation as 31 Ashadh, 2081</b>	<b>669,247</b>	<b>2,988,269</b>	<b>295,121</b>	<b>-</b>	<b>6,252,370</b>
<b>Net Block</b>					
<b>Net Carrying Amount as on 32 Ashadh, 2080 (17 July, 2023)</b>	<b>226,125</b>	<b>896,005</b>	<b>-</b>	<b>-</b>	<b>1,122,130</b>
<b>Net Carrying Amount as on 31 Ashadh, 2081 (15 July, 2024)</b>	<b>759,070</b>	<b>716,804</b>	<b>1,180,483</b>	<b>-</b>	<b>2,656,357</b>
<b>Depreciation for whole year</b>	<b>189,767</b>	<b>190,446</b>	<b>295,121</b>	<b>-</b>	<b>675,334</b>
<b>Total Depreciation</b>	<b>189,767</b>	<b>190,446</b>	<b>295,121</b>	<b>-</b>	<b>675,334</b>
<b>Net Carrying Amount as on 32 Ashadh, 2082 (16 July, 2025)</b>	<b>569,302</b>	<b>840,258</b>	<b>885,362</b>	<b>-</b>	<b>2,294,923</b>
<b>Apportioned to:</b>					
<b>Cost of Revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Indirect Cost</b>	<b>675,334</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>675,334</b>
<b>Total</b>	<b>675,334</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>675,334</b>

Depreciation of furniture & fixture, office equipment and intangible assets are charged to statement of profit or loss and depreciation of PPE, other than furniture & fixture, office equipment and intangible assets are charged to cost of revenue.

**TERHATHUM POWER COMPANY LIMITED****SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS**

For the year ended Ashad 32, 2082 (July 16, 2025)

**1. General Information**

Terhathum Power Company Limited (herein after referred to as “the Company” or TPC) is a listed public limited company incorporated under the Companies Act, 2063 Nepal and registered on 32nd Ashadh 2066 having registration number 65066/066/067 as private limited company for the development of Hydro Power Project at Terhathum District which has been converted from private limited to public limited company on Ashadh 07, 2075 having registration number 192117/074/075. The registered office of the Company is located at Battisputali, Kathmandu, Nepal. The company was registered with the Income Tax Office on Bhadra 10, 2066 with PAN 303763141.

The company has developed Upper Khorunga Khola Small Hydropower Project with an installed capacity of 7.5 MW in Morahang VDC, Menchyayam Rural Municipality, Terhathum District. The company has entered into Power Purchase Agreement (PPA) with Nepal Electricity Authority (NEA) on 29th Kartik 2073.

**2. Significant Accounting Policies****2.1 Statement of Compliance:**

The financial statements have been prepared in accordance with Nepal Financial Reporting Standards (NFRS) issued by the Institute of Chartered Accountants of Nepal (ICAN). The Financial Statements have also been prepared in accordance with the Companies Act, 2063 (revised 2074) of Nepal.

The financial statements include Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes to Accounts.

**2.2 Basis of Preparation:**

The financial statements have been prepared on an accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements. All assets and liabilities have been classified as current and non-current as per the Company’s normal operating cycle. Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalent, the company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

**2.3 Responsibility of Financial Statements:**

The Board of Directors of the company is responsible for the preparation and presentation of the Company’s financial statements and for the estimates and judgments used in them.

**2.4 Presentation:****Presentation Currency**

The financial statements are prepared in Nepalese Rupees (NRs.) which is the functional currency. All financial information presented in Nepalese Rupees has been rounded to the nearest rupee except otherwise indicated.

**Rearrangement / Reclassification and Remeasurement**

The figures for the previous year are rearranged, reclassified, and/or restated wherever necessary for the purpose of facilitating comparison. Reconciliations and appropriate disclosures are made wherever necessary.

**Statement of Financial Position**

The elements of Statement of Financial Position (SoFP) other than equity (Assets and Liabilities, where applicable) are bifurcated in Current and Non-Current based on their respective maturity as well as the company's normal operating cycle.

**Statement of Profit or Loss and Other Comprehensive Income**

The elements of Statement of Profit or Loss (SoPL) and Other Comprehensive Income (OCI) has been prepared using classification 'by function' method. The details of revenue, expenses, gain and/or losses have been disclosed in the relevant section.

**Statement of Cash Flows**

The Statement of Cash Flows (SCF) has been prepared using indirect method and the activities have been grouped under three major categories (Cash flows from operating activities, Cash flows from investing activities and Cash flows from financing activities) in accordance with NAS 07.

**Statements of Changes in Equity**

The Statement of Changes in Equity (SCE) has been prepared disclosing changes in each element of equity.

**2.5 Financial Period:**

The company prepares financial statements in accordance with Nepalese financial year. The financial year starts from 1st Shrawan and ends on Ashad end of next calendar year. The corresponding dates for the English calendar are as follows:

Relevant Financial Statements	Nepalese Calendar Date /Period	Gregorian Calendar Date / Period
Reporting Date	32 <sup>nd</sup> Ashad, 2082	16 <sup>th</sup> July, 2025
Comparative Reporting Date	31 <sup>st</sup> Ashad, 2081	15 <sup>th</sup> July, 2024
Reporting Period	Shrawan 01, 2081 -32 <sup>nd</sup> Ashad, 2082	16 <sup>th</sup> July, 2024- 16 <sup>th</sup> July, 2025
Comparative Reporting Period	Shrawan 01, 2080 -31 <sup>st</sup> Ashad, 2081	17 <sup>th</sup> July, 2023- 15 <sup>th</sup> July, 2024

**2.6 Basis of Measurement:**

These financial statements are prepared under historical cost convention except for certain material items that have been measured at fair value as required by the relevant NFRS and explained in the ensuing policies below.

**2.7. Use of Estimates, Assumptions or Judgments:**

The preparation of the financial statements is in conformity with Nepal Financial Reporting Standards requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in the process of applying the Company's accounting policies. The Company makes certain estimates and assumptions regarding the future events. Estimates and judgments are continuously evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods, except otherwise stated. Specific accounting estimates have been included in the relevant section of the note, wherever have been applied along with the nature and effect of the changes of accounting estimates, if any. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year primarily includes: -

### **2.7.1. Useful life and residual value of Property, Plant and Equipment:**

Management reviews the useful life of property, plant and equipment at least once a year. Such life is dependent upon an assessment of both the technical life of the assets and also their likely economic life, based on various internal and external factors including relative efficiency and operating costs. Accordingly, depreciable lives are reviewed annually using the best information available to the management.

### **2.7.2. Impairment of Property, Plant and Equipment:**

At the end of each reporting period, the company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is usually determined on the basis of discounted estimated future cash flows. This involves management estimates on anticipated commodity prices, market demand and supply, economic and regulatory environment, discount rates and other factors. Any subsequent changes to cash flow due to changes in the above-mentioned factors could impact the carrying value of assets.

### **2.7.3. Contingencies:**

In the normal course of business, contingent liabilities may arise from litigation and other claims against the company. Potential liabilities that are possible but not probable of crystallizing or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognized.

### **2.7.4. Fair Value Measurements:**

The management determines the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

## **2.8 Property, Plant & Equipment:**

### **Recognition & Measurement**

All items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

The Company identifies and determines cost of each component/part of the asset separately, if the component/part has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset.

These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted, if appropriate.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

### Depreciation and Amortization

- Depreciation is recognized to write off the cost of assets (other than Intangible asset) less their residual values over their useful lives, using the Written Down Value (WDV) method assuming NIL residual value for respective assets.
- Land and Land Development grouped under Intangible Assets meets asset recognition criteria and hence has been amortized over the useful life of the project using the straight-line method.
- The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis, except otherwise stated in the notes to accounts.

The estimated useful life of the assets and the corresponding rates at which the assets are depreciated are as follows:

S.N .	Assets Block	Estimated Useful Life	Depreciation Method
1	Office Equipment	25%	WDV
2	Furniture & Fixtures	25%	WDV
3	Computer & Accessories	25%	WDV
4	Plant and Machinery	15%	WDV
5	Vehicles	20%	WDV

### 2.9 Intangible Assets:

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses.

Amortization is recognized in Statement of Profit & Loss on straight line method (SLM) over the estimated useful life of the intangible assets from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year and changes in the expected useful life or the expected pattern of consumption of future economic benefit embodied in the asset considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the Statement of Profit & Loss.

Useful Life of Intangible Assets based on SLM is categorized as stated below:

Assets Categories	Life of Assets
Software /Application	5 Years
Service Concession Arrangement	29.99 Years

Certain computer software costs are capitalized and recognized as intangible assets based on materiality, accounting prudence and significant benefits expected to flow there from for a period longer than one year. Gains or losses arising from de-recognition of an intangible asset are measured as the difference

between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

### **2.10 Impairment of Tangible and Intangible Assets:**

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and impairment loss is recognized whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the Statement of Profit and Loss.

### **2.11 Borrowing Cost:**

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset, which are assets that necessarily takes a substantial period of time to get ready for its intended use or sale, are added to the cost of that asset until such time as the assets are substantially ready for the intended use or sale.

All other borrowing costs are recognized in Statement of Profit & Loss in the period in which they are occurred.

### **2.12 Cash and Cash Equivalents:**

Cash and cash equivalents in the balance sheet comprise cash at banks, cash in hand, cheques in hand considered good, demand deposits with an original maturity of three months or less and highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. It also included cash margins retained by the bank for issue of bank guarantees and letter of credits.

**2.13 Inventories:**

Cost of inventories includes cost of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Other costs including Borrowing cost as per NAS-23 are included in the cost of inventories only to the extent that they are incurred in bringing the inventories to their present locations and conditions. Inventories are initially recognized at cost, and subsequently measured at the lower of cost and net realizable value (NRV).

**2.14 Other Current Assets:**

Other current assets include current assets other than inventories and cash and cash equivalents, which are unsecured and considered good, unless otherwise stated.

**2.15 Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated rebates, charges and other similar allowances. Revenue is recognized when substantial risks and rewards of ownership are transferred to the buyer under the terms of contract.

**2.16 Foreign Currency Transactions:**

The functional currency of the company is determined on the basis of the primary economic environment in which it operates. The functional currency of the Company is Nepalese Rupee (NPR). In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

The effect from fluctuation of exchange rate raised while initially recognizing the transaction as per contract on the base rate mentioned in the contract and settling the transactions at the settlement date has been recognized in Intangible Assets under construction. Foreign exchange gain/loss occurring from other activity has been charged to Statement of Profit or Loss. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction.

**2.17 Employment Benefits:****i) Short Term Obligations**

Liabilities for wages and salaries including not-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employee render the related service are recognized in the respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Statement of Financial Position.

Leave related payables are settled every year by the Company, hence, Company does not have long term leave encashments. Accordingly, actuarial valuation for leave encashment has not been carried out.

The company has engaged employees for its operation in the current reporting period. All the benefits provided are short term in nature and the expenses are booked in the manufacturing, administrative and selling & distribution expenses.

## **ii) Post Employment Benefits**

### **-Define Contribution Plan**

The Company pays Provident Fund contributions to publicly administered Provident Funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contribution are recognized as Employee Benefit Expense when they are due.

As per Section 53 of Labor Act, 2074, with effect from Bhadra 19, 2074, Gratuity shall be treated as denined contribution plan to be calculated at 8.33% of Basic Salary per month, based on that Actuarial Valuation has not been carried out.

All the contributions related to Provident Fund, Gratuity & Social Security has been duly made to public administered Social Security Fund as per local regulation starting from Shrawn 01, 2076.

### **-Define Benefit Plan**

For Define Benefit Plan, the cost of providing benefits is determined using the Projected Unit Credit Method, with Actuarial Valuations being carried out at each Statement of Financial Position. Actuarial Gains or Losses are recognized in the Other Comprehensive Income in the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortized on a Straight Line Basis over the average period until the benefits become vested. The retirement benefit obligation recognized in the Statement of Financial Position represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the Fair Value of Plan Assets (if any). Any Assets resulting from this calculation is limited to past service, plus the present value of available refunds and reductions in future contributions to the plan.

## **2.18 Income tax**

Income tax on the profit or loss for the year comprises current taxes and deferred taxes. Income tax is recognized in the statement of profit or loss except to the extent that it relates to items recognized directly to equity.

### **Current Tax**

Current tax is the expected tax payable on the taxable income for the year using tax rates at the balance sheet date and any adjustment to tax payable in respect of previous years.

Income tax rate on income from production and sale of electricity is 0% upto 10 years, 10% for next 5 years and 20% for further years of operation. Because of fourth year of operation, the effective tax rate of the company is 0%.

### **Deferred Tax**

Deferred Tax is the tax expected to be payable or recoverable in future arising from:

- temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in computation of taxable profit,
- unused tax losses and/or
- unused tax credits

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company.

As per the applicable tax laws of Nepal, the hydropower project is allowed 100% tax exemption up to first 10 years of operation. The management is in a view of offsetting temporary differences fully within first 10 years period of operation and hence no deferred tax needs to be recognized.

### 2.19 Earnings per share

- I. Basic earnings per share is computed by dividing the profit/ (loss) for the year by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).
- II. Diluted earnings per share is computed by dividing the profit/ (loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Diluted EPS has not been calculated as no potential equity exists on the reporting period.

### 2.20 Provisions, Contingencies and Commitments:

A provision is recognized as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at the pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost.

In the normal course of business, contingent liabilities may arise from litigation and other claims against the company. Potential liabilities that are possible but not probable of crystallizing or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognized.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets. Provisions, contingent liabilities, contingent assets and commitments are reviewed at each reporting period.

### 2.21 Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both but not for sale in the ordinary course of business, use in the supply of services or for administrative purpose.

### 2.22 Financial Instruments:

#### Recognition and Measurement

Financial assets and financial liabilities are recognized when the company becomes a party to the contract embodying the related financial instruments. All financial assets, financial liabilities and financial guarantee contracts are initially measured at transaction cost and where such values are different from the fair value, at fair value.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognized in the statement of profit and loss.

### **Effective Interest Rate Method**

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income/expense arising on financial instruments after applying an effective interest rate is recognized in the Statement of Profit and Loss and is included in the “Other finance income” or “Other finance cost” line item. Where interest component is present in the financial instruments, the implicit interest rate approximates the effective interest rate.

## **2.23 Financial Assets:**

### **Financial assets at amortized cost**

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### **Financial assets measured at fair value**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company in respect of equity investments (other than in subsidiaries, associates and joint ventures) which are not held for trading has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of such equity instruments. Such an election is made by the Company on an instrument-by-instrument basis at the time of initial recognition of such equity investments.

Financial assets not measured at amortized cost or at fair value through other comprehensive income are carried at fair value through the statement of profit or loss. For financial assets maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the shorter maturity of these instruments.

### **Impairment of Financial Assets**

Loss allowance for expected credit losses is recognized for financial assets measured at amortized cost and fair value through the statement of profit or loss.

The company recognizes impairment loss on trade receivables using expected credit loss model. For financial assets whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognized. Loss allowance equal to the lifetime expected credit losses is recognized if the credit risk on the financial instruments has significantly increased since initial recognition.

### **De-recognition of financial assets**

The Company de-recognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and the transfer qualifies or de-recognition under NFRS 9. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the assets and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and

also recognizes a collateralized borrowing for the proceeds received. On de-recognition of a financial asset in its entirety, the differences between the carrying amounts measured at the date of de-recognition and the consideration received is recognized in the statement of profit or loss.

## **2.24 Financial Liabilities & Equity:**

### **Classification as debt or equity**

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

### **Equity Instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

### **Financial Liabilities**

Financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings in the statement of profit and loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

### **Financial guarantee contracts**

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

### **De-recognition of financial liability**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

### **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

## **2.25 Leases**

### **Long Term Leases**

Leases in which the Company has substantial portion of the risks and rewards of ownership are classified as Long Term Leases. Assets acquired under Long Term Leases are capitalized at the lower of the Fair Value of the Leased Assets at the inception of the Lease Term and the Present Value of Minimum Lease Payments. Lease payments are apportioned between the Finance charge and the reduction of the outstanding liability.

The Finance Charge is allocated to periods during the Lease Term at a constant periodic rate of interest on the remaining balance of the liability.

### **Short Term Leases**

Leases in which the Company does not have substantial portion of the risks and rewards of ownership are classified as Operating Leases. Payment made under Operating Leases are charged to Statement of Profit & Loss on a Straight-Line Basis.

### **2.26 Service Concession Arrangements**

Under IFRIC 12- Service Concession Arrangements applies to public-to-private service concession arrangements if:

- i) the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what prices.
- ii) the grantor controls through ownership, beneficial entitlement or otherwise any significant residual interest in the infrastructure at the end of the term of the arrangement.
- iii) the infrastructure is constructed or acquired by the operator from a third party for the purpose of the service arrangement or the infrastructure is existing infrastructure of the grantor to which the operator is given access for the purpose of the service arrangement.

Infrastructure used in a public-to-private service concession arrangement for its entire useful life (whole life of assets) is within the scope of this IFRIC, if the conditions in (i) above are met. These arrangements are accounted on the basis of below mentioned model depending on the nature of consideration and relevant contract law.

### **Intangible Asset Model**

The intangible asset model is used to the extent that the company, being an operator, receives a right (a license) to charge users of the public service. A right to charge users of a public service is not an unconditional right to receive cash because the amounts are contingent on to the extent that public user the services.

The company manages concession arrangements which include power supply from its hydro power plant. The company maintains and services the infrastructure during the concession period. These concession arrangements set out rights and obligations related to the infrastructure and the services to be provided. The right to consideration gives rise to intangible assets and accordingly, the intangible asset model is applied.

Income from the concession arrangements earned under the intangible assets model consists of :

- (i) Fair Value of the contract revenue, which is deemed to be fair value consideration transferred to acquire the asset; and
- (ii) Payments actually received from the users.

The intangible asset is amortized over its expected useful life in a way that reflects the pattern in which the asset's economic benefits are consumed by the company, starting from the date when the right to operate starts to be used. Based on these principles, the intangible asset is amortized in line with the actual usage of the specific public facility, with a maximum of the duration of the concession.

Any asset carried under concession arrangements is derecognized on disposal or when no future economic benefits are expected from its future use or disposal or when the contractual right to the financial asset expires.

**Explanatory Notes Forming part of Financial Statements****Note 19: Property Plant & Equipment:**

The company has valued its property, plant and equipment on historical cost method. *Details of Property Plant & Equipment are provided in note-3 to financial statements.*

**Note 20: Post- Employment Benefits**

The Company does not have any schemes of Post-employment/Long term benefit plans for its employees.

**Note 21: Khorunga Tangmaya project**

Initially, the company has applied for the generation license. But Department of Electricity Development has not approved the license to the same company for another project. Hence, the company has re-applied for the generation license with Department of Electricity Development in the name of its subsidiary company, “KTK Hydropower Pvt. Ltd.” and obtained the license. Accordingly, the expenses incurred by the company on Khorunga Tangmaya Project – 2 MW up to the date amounting to Rs. 27,650,569.00 has transferred to the subsidiary company.

**Note 22: Substantial shareholders**

The company has following substantial shareholders as on the reporting date.

Name of Shareholders	Number of Shares	% of Share Holding
Mr. Mohan Kumar Dangi	210,010	
Mrs. Hira Dangi	40,000	
Ms. Mohita dangi	44,000	
Mr. Anmol Dangi	15,000	
<b>Total Holding of Family</b>	<b>309,010</b>	<b>7.73%</b>

**Note 23: Related Party Transactions**

Related Party Transactions are identified by the management. The company has identified transactions with related parties during the FY 2081-82.

**(a) Key Management Personnel (KMP)**

The company has incurred the following transactions with the Key Managerial Personal (KMP) who are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly.

Such KMP include the board of Directors of the company (including both Executive and Non-Executive) and key employee who has holding directorship in the Subsidiary company.

Key Management Personnel	Designation
Mr. Bhupati Lal Shrestha	Chairman/ Director
Mr. Prem Kumar Khatri	Admin/Finance Manager

**(b) Transactions with Key Management Personnel (KMP) and Related Party:****Key management Personnel compensation:**

S.N.	Name	Designation	Nature of Expenses	FY 2081/82	FY 2080/81
1	Prem Kumar Khatri	Admin/Finance Manager	Regular Employee Benefits	650,000	650,000

The companies identify following as related parties under requirements of NAS-24

- Subsidiary Company
- Shareholder holding 5% or more shares during the year
- Entity in which directors having significant control
- Director of company and their close family members

#### Related Party Transaction:

Related Party	Relations	Outstanding as on 32nd Ashadh, 2082 (Payable)/Receivables	Outstanding as on 31st Ashad, 2081 (Payable)/Receivables	Remarks
Yadav Bahadur Khapung	Director of the Company	(538,417.00)	(538,417.00)	Payable to Director
Lachhuman Tiwari	Director of the Company	(338,395.00)	(338,395.00)	Payable to Director
Mohan Kumar Dangi	Director of the Company	(3,163,066.20)	(6,287,016.20)	Payable to Director
Lalupate Hydropower	Common Director	(2,605.00)	(28,121.00)	Payable to Company having common Director
Dona Lake Hydropower Pvt. Ltd.	Common Director	(24,175.35)	(24,175.35)	Payable to Company having common Director
KTk Hydropower Pvt. Ltd.	Subsidiary Company	27,650,569.00	30,454,975.00	Expenses incurred on Khorunga Tangmaya project 2 MW transferred to KTK
Advance to Directors	Directors of the company	21,180,176.00	21,180,176.00	Advance provided to Directors to purchase of land for the project.

#### (c) Common Directorship:

The details of the common director who is also the director of another company is as follows:

S.N.	Company Name	Common Director
1	Pelma Hydropower Project Pvt. Ltd.	1. Mohan Kumar Dangi
2	Lalupate Hydropower Company Pvt. Ltd.	1. Mohan Kumar Dangi
3	Dona Lake Hydropower Pvt. Ltd.	1. Mohan Kumar Dangi
4	KTk Hydropower Pvt. Ltd.	1. Bhupati Lal Shrestha 2. Mohan Kumar Dangi

#### Note 24: Segment Reporting:

The company is engaged in only one business activity thus, separate segment information is not provided as per NFRS 8 "Operating Segments".

**Note 25: Subsequent Events**

There has not been any significant reportable event after the reporting date which requires to be either adjusted or disclosed.

**Note 26: Contingent Liabilities and Other Commitments:**

Contingent liabilities are possible obligations whose existence will be confirmed by uncertain future events that are not wholly within the control of the entity. Company does not have any contingent liabilities as well as any commitments as on the reporting date.

**Note 27: Risk Management**

The company's business activities expose itself to a variety of risks, namely primarily to liquidity risk and fluctuations in interest rates, which may adversely impact the operation of the company. The company's Board and management have overall responsibility for the establishment and oversight of the company's risk management. The company's risk management policies are established to identify and analyses the risks faced by the company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

**Note 27.1: Liquid Risk**

Liquidity risk is the risk that the company will face in meeting its obligations associated with financial liabilities. The company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. A material and sustained shortfall in cash flow could create potential business continuity risk.

**Note 26.2: Interest Rate Risk**

Interest Rate Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company's exposure to the risk of changes in market interest rates relates primarily to the company's long-term debt obligations. Since the interest rate is influenced by market forces, the company has little role in minimizing the risk. The company manages the interest rate risks by negotiating with reputed commercial banks.

**Note 27.3: Capital Management**

Capital includes issued capital and all other reserves attributable to the equity holders of the company. The company manages its capital so as to safeguard its ability to continue as a going concern and to optimize returns to the shareholders. The capital structure of the company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic needs. The Company considered the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets.

**Note 28: Miscellaneous**

- All the figures stated on the financial statements are Nepalese Rupees and rounded up to the nearest rupee.
- Notes form an integral part of financial statements.
- Previous figure has been reclassified and remeasured wherever necessary as disclosed in separately notes.

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